

### REMARKS

Applicants have carefully studied the outstanding Official Action. The present response is intended to be fully responsive to all points of rejection and is believed to place the application in condition for allowance. Favorable reconsideration and allowance of the present application are hereby respectfully requested.

Claims 1 - 11, 13, 15, 16, 18 - 27, and 41 - 49 are pending in the application before the present amendment.

The present amendment cancels claims 1 - 11, 13, 26, 41, and 43 - 45 without prejudice. Applicants reserve the right to pursue the cancelled claims in the context of a continuation application.

Thus, claims 15, 16, 18 - 25, 27, 42, and 46 - 49 are pending in the application after the present amendment.

Claims 1 - 5, 15, 16, and 26 - 27 stand rejected under 35 USC 103(a) as being unpatentable over US Patent 6,529,725 to Joao et al considered with PCT Published Patent Application WO 98/47116 of Hultgren.

Joao et al describes a transaction security apparatus and method including a communication device associated with an individual account holder.

Hultgren describes a network for facilitating payments / transfers from a customer account to a merchant account.

Applicants do not necessarily agree with the interpretation of Joao et al and Hultgren in the Office Action and the manner in which the two references have been combined in the Office Action in order to reject claims 1 - 5, 15, 16, and 26 - 27. Nevertheless, in order to facilitate allowance of the present application, claims 1 - 5 and 26 have been cancelled without prejudice.

Concerning claim 15, the Office Action takes the position that the use limit limitation of claim 15 is met by the description of Hultgren. Applicants have carefully studied Hultgren and find that Hultgren only describes or suggests a use limitation in which transactions are not allowed at all beyond an acceptable range from a given location; in particular, *see* page 21 of Hultgren, and the characterization of Hultgren in the paragraph bridging pages 2 and 3 of the present Office Action. Neither Hultgren nor any of the other prior art of record describes

or suggests a quantitative use limit as recited in claim 15 and described, for example, in the description of the present application on page 15, lines 1 - 17.

In order to make the distinction of claim 15 over the prior art of record particularly clear, claim 15 has been amended to recite that the use limit is a strictly decreasing function of at least one of an elapsed time and a distance from a specific location. The amendment to claim 15 is supported, *inter alia*, by the description on page 15, lines 1 - 17.

The added recitation in claim 15 clearly excludes a system such as that of Hultgren, in which a transaction is simply allowed or not allowed; such a system does not implement a strictly decreasing function as recited in amended claim 15.

Amended claim 15 is therefore deemed allowable.

Claim 16 depends from amended claim 15 and recites additional patentable subject matter and is therefore deemed allowable.

Claim 27 is a method claim corresponding to apparatus claim 15 and has been similarly amended.

Amended claim 27 is therefore deemed allowable.

Claims 6 - 8 stand rejected under 35 USC 103(a) as being unpatentable over Joao et al and Hultgren, and further in view of US Patent 6,325,292 to Sehr.

Sehr describes a card system and methods for collector cards. The system of Sehr includes biometric identification and verification.

Although, as discussed above, Applicants do not necessarily agree with the position stated in the Office Action, claims 6 - 8 have been cancelled without prejudice in order to facilitate allowance of the present application.

Claims 9 - 11, 13, 18, 19, and 22 - 25 stand rejected under 35 USC 103(a) as being unpatentable over Joao et al and Hultgren, and further in view of US Patent 5,914,472 to Foladore et al.

Foladore et al describes a credit card spending authorization control system, in which control is provided by a central database containing account information and spending limits.

Although, as discussed above, Applicants do not necessarily agree with the position stated in the Office Action, claims 9 - 11 and 13 have been cancelled without prejudice in order to facilitate allowance of the present application.

Claims 18, 19, and 22 - 25 depend directly or indirectly from amended claim 15 and recite additional patentable subject matter.

Claims 18, 19, and 22 - 25 are therefore deemed allowable.

Claims 42 - 45 stand rejected under 35 USC 103(a) as being unpatentable over Joao et al and Foladore et al.

Although, as discussed above, Applicants do not necessarily agree with the position stated in the Office Action, claim 42 has been amended similarly to claim 15 and is therefore deemed allowable.

Claims 43 - 45 have been cancelled without prejudice.

Claims 20 and 21 stand rejected under 35 USC 103(a) as being unpatentable over Joao et al and Hultgren, and further in view of US Patent 5,561,709 to Remillard.

Remillard describes an electronic device for information services, usable with a conventional television set.

As was stated in the response to the previous Office Action, Applicants respectfully point out that the present Office Action also does not provide a proper motivation for combining Remillard with Joao et al (and, *a fortiori*, the Office Action does not provide a proper motivation for the combination of Remillard with Joao et al and Hultgren), and therefore the rejection is improper and should be withdrawn.

Furthermore, claims 20 and 21 depend directly or indirectly from amended claim 15 and recite additional patentable subject matter.

Claims 20 and 21 are therefore deemed allowable.

Claim 41 stands rejected under 35 USC 103(a) as being unpatentable over Joao et al and further in view of Remillard.

Although Applicants take the position that the rejection of claim 41 is improper, as discussed above with respect to the rejection of claims 20 and 21,

claim 41 has been cancelled without prejudice in order to facilitate allowance of the present application.

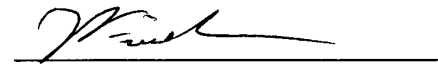
Claims 46 - 49 stand rejected under 35 USC 103(a) as being unpatentable over Joao et al and Foladore, and further in view of Sehr.

Claims 46 - 49 depend directly or indirectly from amended claim 42 and recite additional patentable subject matter.

Claims 46 - 49 are therefore deemed allowable.

In view of the foregoing remarks, it is respectfully submitted that the present application is now in condition for allowance. Favorable reconsideration and allowance of the present application are respectfully requested.

Respectfully submitted,



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